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COMMISSIONERS

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OFFICE OF THE
BOARD OF COMMISSIONERS OF COOK COUNTY

118 NORTH CLARK STREET #567
CHICAGO, ILLINOIS 60602
(312) 603-6398
www.cookcountygov.com/secretary

TONI PRECKWINKLE
PRESIDENT

MATTHEW B. DELEON
SECRETARY TO THE BOARD

SEPTEMBER 13, 2011

NOTICE

There will be a meeting of the **Finance Subcommittee on Pension** of the Board of Commissioners of Cook County on **Tuesday, September 20, 2011** at the hour of **9:00 A.M.** in the Board Room, Room 569, County Building, 118 North Clark Street, Chicago, Illinois to consider the following:

- 313151 RESOLUTION TO DISCUSS THE POSSIBLE IMPLICATIONS OF PENSION REFORM LEGISLATION THAT MAY BE DISCUSSED BY THE ILLINOIS GENERAL ASSEMBLY (PROPOSED RESOLUTION). Submitting a Proposed Resolution sponsored by Bridget Gainer, County Commissioner.

PROPOSED RESOLUTION

**TO DISCUSS THE POSSIBLE IMPLICATIONS OF PENSION REFORM
LEGISLATION THAT MAY BE DISCUSSED BY
THE ILLINOIS GENERAL ASSEMBLY**

WHEREAS, it is the request of the Cook County Finance Subcommittee on Pension to call a meeting to discuss the possible implications of pension reform legislation that may be discussed by the General Assembly this Fall; and

WHEREAS, it is the request of the Cook County Finance Subcommittee on Pension to call a committee meeting to hear from Cook County Employees regarding the possible changes to the Cook County and Forest Preserve Pension Funds that may be discussed by the General Assembly this Fall; and

WHEREAS, the Cook County Pension Fund has seen an overall fall in its funded status over the past 10 years from 88.8% to its most recent valuation of 60.7% in 2010; and

WHEREAS, during the January 19, 2011 committee meeting, the Pension Fund's actuary preformed 30-year funding projections for the Cook County Employees' Annuity and Benefit fund which took into account projected benefits, payments, contributions, assets and actuarial liabilities in order to attain the possible options that would increase the funded ratio to 80% at the end of 30 years; and



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WHEREAS, the response from the actuary included multiple options to increase the funded ratio for the Cook County Employees' Annuity and Benefit fund.

NOW, THEREFORE, BE IT RESOLVED, the Cook County Finance Subcommittee on Pension shall hold meetings for the purpose of discussing the possible changes to the Cook County and Forest Preserve Pension Funds; and

BE IT FURTHER RESOLVED, the Cook County Finance Subcommittee on Pension shall hold meetings for the purpose of discussing the possible options to increase the funded status of the Cook County and Forest Preserve Pension Funds.

***Referred to the Finance Subcommittee on Pension on June 14, 2011.**

***Deferred on June 29, 2011.**

313896

AN AMENDMENT TO CHAPTER 2 – ADMINISTRATION, ARTICLE IV – OFFICERS AND EMPLOYEES, DIVISION 4 TREASURER, SUBDIVISION 1 – IN GENERAL, SECTION 2-243 – TAXING DISTRICT DEBT DISCLOSURE (PROPOSED ORDINANCE AMENDMENT). Transmitting a Communication, dated July 12, 2011 from Maria Pappas, Cook County Treasurer by Joseph M. Fratto, Chief Deputy Treasurer. Submitting a Proposed Ordinance Amendment sponsored by Bridget Gainer, John P Daley, Elizabeth "Liz" Doody Gorman and Joan Patricia Murphy, County Commissioners, Co-sponsored by Jerry Butler, Jesus G. Garcia, Gregg Goslin, Edwin Reyes, Peter N. Silvestri, Deborah Sims, Larry Suffredin and Jeffrey R. Tobolski, County Commissioners.

PROPOSED ORDINANCE AMENDMENT

AMENDMENT TO TAXING DISTRICT DEBT DISCLOSURE ORDINANCE

BE IT ORDAINED, by the Cook County Board of Commissioners, that Chapter 2 Administration, Article IV Officers and Employees, Division 4 Treasurer, Subdivision 1 In General, Section 2-243 of the Cook County Code is hereby amended as follows:

Sec. 2-243. Taxing district debt disclosure.

(g) Definitions.

Actuarial accrued liability (AAL), other postemployment benefits (OPEB), unfunded actuarial accrued liability (UAAL), and healthcare cost trend rate shall have the same meanings ascribed to such terms under the generally accepted accounting principles for governmental accounting promulgated from time to time by the Governmental Accounting Standards Board.

Actuarial cost method, amortization method, asset valuation method, investment rate of return, and any other actuarial terms used and not defined herein shall have the same meanings as defined by Actuarial Standards of Practice, as promulgated from time to time by the Actuarial Standards Board.

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Audited financial statements, current debt, current liabilities, long term debt, long term liabilities and any other accounting terms used and not defined herein shall have the same meanings as defined by Generally Accepted Accounting Principles, as promulgated from time to time by the American Institute of Certified Public Accountants, and shall conform with the accounting principles and auditing standards generally accepted in the United States, including without limitation those generally accepted accounting principles for governmental accounting as are set forth in publications of the Governmental Accounting Standards Board.

Taxing District shall have the same meaning as defined by 35 ILCS 200/1-150.

Total Pension Liability shall mean the sum total of all liabilities of a Taxing District in respect of the pension and retirement obligations of such Taxing District. Total Pension Liability includes both AAL for pension benefits and AAL for OPEB benefits.

Total Unfunded Pension Liability shall mean the sum total of all unfunded liabilities of a Taxing District in respect of the pension and retirement obligations of such Taxing District. Total Unfunded Pension Liability includes UAAL for pension benefits and UAAL for OPEB benefits.

(b) *Duty of Taxing Districts to disclose all debt.* Each Taxing District shall, on or before the last Tuesday in December, provide to the Office of the Cook County Treasurer, in the electronic format required by Office of the Cook County Treasurer, a full, complete, unabridged and unedited copy of such Taxing District's most recent audited financial statement (along with any and all auditor's notes and comments on such audited financial statements), accompanied by such Taxing District's written disclosure of the following information:

- (1) Sum total of all debts and liabilities from such financial statement(s);
- (2) Sum total of gross tax levy for the most recent tax year;
- (3) Gross operating budget revenue for the most recent fiscal year;
- (4) Total Pension Liability;
- (5) Total Unfunded Pension Liability, which shall be denoted as a separate line item below Total Pension Liability;
- (6) Actuarial cost method utilized by the Taxing District in its calculations of Total Pension Liability and Total Unfunded Pension Liability;
- (7) Asset valuation method utilized by the Taxing District in its calculation of Total Unfunded Pension Liability;

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- (8) Each of the following actuarial assumptions underlying the Taxing District's calculations of Total Pension Liability and Total Unfunded Pension Liability:

- (a) Investment rate of return;
- (b) Annual rate of salary increases;
- I Participant mortality rate; and,
- (d) Healthcare cost trend rate for OPEB benefits;

- (9) Name and contact information (including telephone number, fax number, and email address, if available) for the chief elected official of the Taxing District and for the chief finance official of the Taxing District; and

- (10) If the Taxing District is a county, city, village, or incorporated town, the current total population of such Taxing District.

I In the event that a Taxing District does not have an audited financial statement for the most recent fiscal year, such Taxing District shall in lieu thereof provide to the Office of the Cook County Treasurer the most recent unaudited financial statement of such Taxing District, provided in all events that such unaudited financial statement shall include disclosures of the subject Taxing District's actual or contingent current debt, current liabilities, long term debt and long term liabilities. A Taxing District, whose financial statements are included or consolidated in the financial statements of another Taxing District, is not required to separately provide the required financial statements in the event said other Taxing District is in compliance with the requirements of this Ordinance.

(d) Independent of the duty of Taxing Districts to make annual disclosures pursuant to subsection (b) above, within 60 days following notification by the Office of the Cook County Treasurer, via United State's Postal Service first class prepaid mail, each Taxing District shall provide to the Office of the Cook County Treasurer, in the electronic format required by the Office of the Cook County Treasurer, a written disclosure containing the information required under Subsections (b)(6), (b)(7), (b)(8), and (b)(9) above.

(e) *Duty of Treasurer to make available disclosure of debt.* The Office of the Cook County Treasurer shall:

- (1) Create an electronic repository for the storage of all financial disclosures made by such Taxing Districts; and
- (2) Cause to be published on each regularly issued real estate tax bill the website address which provides, to taxpayers and other interested parties, electronic access to such financial disclosures by such Taxing Districts.

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(f) *Publication of disclosures.* The Office of the Cook County Treasurer may, in the sole discretion of the Cook County Treasurer:

- (1) Publish on the Cook County Treasurer's official website the names of any Taxing Districts that have failed to comply fully with the requirements of this Ordinance; and,
- (2) Publish from time to time (but in no event more frequently than twice per calendar year) in one or more newspapers having a circulation within Cook County (i) any disclosures provided by Taxing Districts pursuant to this Ordinance or otherwise and/or (ii) the names of any Taxing Districts that have failed to comply fully with the requirements of this Ordinance.

(g) Duty of Taxing District to provide and maintain contact information. In the event of any change to the contact information provided by a Taxing District pursuant to Subsection (b)(9), the Taxing District shall forthwith provide revised and up-to-date contact information to the Office of the Cook County Treasurer.

Effective Date: This Ordinance shall be effective upon passage.

***Referred to the Finance Subcommittee on Pension on July 27, 2011.**

314420

DISCUSSION ON THE PENSION MULTIPLIER CHANGE FOR SPECIAL PURPOSE FUNDS AND GRANTS (PROPOSED RESOLUTION). Submitting a Proposed Resolution sponsored by Bridget Gainer, County Commissioner.

PROPOSED RESOLUTION

**DISCUSSION ON THE PENSION MULTIPLIER CHANGE
FOR SPECIAL PURPOSE FUNDS AND GRANTS**

WHEREAS, the department of Budget and Management released a memo on August 18, 2011 to address the indirect cost rates to be used for grants and special purpose funds.

WHEREAS, the department of Budget and Management would like to ensure that the general fund does not subsidize any indirect costs attributable to special purpose funds or grants.

WHEREAS, it was determined by the department of Budget and Management that the pension amount for special purpose funds should be calculated at the actuarial rate rather than the required contribution rate.

WHEREAS, the change to an actuarial allocation model for pension contributions would mean using a 4.95 multiplier instead of a 1.54 multiplier. The resulting impact will go from 13.09% to 42.07% for special purpose funds.

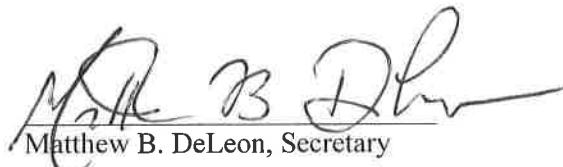
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NOW THEREFORE BE IT RESOLVED, that the Cook County Subcommittee on Pension meet to discuss this change and it's impact on the overall Cook County employer contribution.

*Referred to the Finance Subcommittee on Pension on September 7, 2011.



A handwritten signature in black ink, appearing to read "M B DeLeon".

Matthew B. DeLeon, Secretary

Chairman: Gainer

Vice-Chairman: Goslin

Members: Murphy, Schneider, Steele, Suffredin, Tobolski